

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

----- X
MADISON SQUARE GARDEN, L.P.,
:
Plaintiff,
:
- against - No. 07 CIV. 8455 (LAP)
:
NATIONAL HOCKEY LEAGUE, NA-
TIONAL HOCKEY LEAGUE ENTER-
PRISES, L.P., NATIONAL HOCKEY
LEAGUE INTERACTIVE CYBERENTER-
PRISES, L.L.C., NHL ENTERPRISES CAN-
ADA, L.P., and NHL ENTERPRISES, B.V.,
:
Defendants. :
:
----- X

DECLARATION OF TED LEONSIS

I, TED LEONSIS, declare under penalty of perjury pursuant to 28 U.S.C.
§ 1746 that the following is true and correct:

1. I am Chairman and Majority Owner of the Washington Capitals
("Capitals"), the Washington, DC, franchise of the National Hockey League ("NHL"),
Chairman of Revolution Money, a web 2.0 payments company, and Vice Chairman
Emeritus of America Online ("AOL"), one of the largest providers of information and
links to the internet. I submit this declaration in opposition to the motion of Madison
Square Garden ("MSG") for a preliminary injunction in the above-captioned matter. I
have personal knowledge of the facts stated below.

2. In terms of unique website visitors, the network of AOL's parent corporation, Time Warner, ranked third in August 2007 with more than 124 million. During my fourteen-year career at AOL, I served as President of the main service, President of many of AOL's divisions, and as Vice Chairman of the company. I worked directly with the National Basketball Association ("NBA") on its original NBA.com platform and its deal with AOL. I also worked with the National Football League ("NFL") in connection with its exclusive long-term deal with AOL, and have worked with Major League Baseball Advanced Media ("MLBAM") as well. I therefore have an industry perspective as to what the other leagues have been doing in terms of new media strategy and operations.

3. During the last twelve months, I have made more than a dozen venture capital investments in web 2.0 concerns. I run a daily blog called Tedstake, answer all of my fan email, and have a Facebook account.

4. I am a member of the NHL Board of Governors and participated in the New Media Committee meeting on March 6, 2006, at which we discussed the NHL's strategy with respect to new media, technology, and the NHL.com common platform. I strongly supported the collectivization of the NHL.com common platform and voted in favor of this new media initiative at the June 21, 2006, NHL Board of Governors meeting.

5. Out of the thirty NHL member Club owners, I was at first perhaps the most reluctant to integrate the Clubs' websites onto a common League platform. The Capitals' website has been voted as the "Best in the NHL" and the "Best in Sports." I am no doubt the most "web-centric" and internet savvy owner, and I am proud of the Capitals' online offerings. But, in light of my experiences at AOL and in recognition of the

success of the other sports leagues that operate on common platforms, I came to realize that the current new media initiative is necessary for the NHL to compete for the goodwill of fans and to optimize the monetization of internet sponsorship and advertising opportunities. The ability to provide sponsors with “scale,” i.e., access to the largest group of unique visitors possible, is critical to the monetization of online business.

6. The internet continues to expand. In August 2007, more than 181 million unique visitors in North America accessed the internet. As this number has grown, so too have the networks that serve these online consumers. In contrast, other forms of media have either contracted in their reach or been diluted in their effectiveness. For instance, the print media is a shadow of its grand history. Newspapers and magazines are no longer the primary vehicle to convey news, and consequently their sponsorship and advertising dollars have contracted dramatically. In addition, the broadcast networks, CBS, NBC, ABC and Fox, have chosen to vertically integrate into their own dot.com businesses and to seek cable, satellite and wireless carriage as they face the challenge of diluted over-the-air broadcast audiences.

7. Yahoo!, Microsoft, Google and Time Warner (AOL) are now networks that reach many more millions of people throughout the world than these other traditional media. Large national advertisers are no longer primarily interested in single websites, print media or other small scale platforms because these local channels cannot deliver the inventory scale necessary to effectively reach consumers. Such advertisers are interested in lowering their transaction costs and increasing the exposure of their advertisements. It is more efficient to deliver text or video ad copy to a centralized technology platform using a single content management system (“CMS”) that can easily be

accessed at multiple sites in a common format to which users are accustomed. In short, while these national sponsors do engage in local advertising, on the internet today, “bigger is better.”

8. In the web 2.0 culture – the next generation of the internet – syndication of content will play an important role in creating still larger networks from which to generate sponsorship and advertising revenue on a cost per thousand (cpm), cost per click (cpc) and cost per action (cpa) basis. An internet business or network must be able to demonstrate a substantial volume of traffic before it will be in a position to negotiate a favorable deal with potential syndication partners and aggregate as much inventory as possible.

9. Internet businesses must grow so that they can negotiate centrally with large suppliers of fundamental website utilities such as search algorithms, media players, e-commerce platforms, ad servers and publishing software, and with large third-party resellers such as Advertising.com. Single website owners cannot efficiently negotiate “best of breed” terms and pricing or premium service; the transaction costs for large suppliers and resellers to deal with small internet businesses individually is too high. As with advertisers, bigger is better when dealing with these suppliers and resellers as well.

10. Consumers too have become more computer savvy and expect their entertainment when they want, where they want and how they want. The internet’s ability to interface with wireless technology is clearly the source of future revenue growth for all professional sports.

11. In this marketplace, the NHL competes for fans’ time and disposable entertainment income against other professional sports organizations – the NFL,

MLB, the NBA, PGA Tour, NASCAR, MLS – as well as other forms of entertainment and their dot.com entities. Moreover, the NHL competes online with ESPN.com, SI.com, CBS.com, Fox.com, Yahoo! Sports, AOL Sports, as well as the blogosphere – literally thousands of individual blogs and mini-websites that divert traffic from the NHL Clubs' websites – for advertising and sponsorship revenue. To compete in this marketplace, Major League Baseball created MLBAM, the NBA created its common website platform, and, as I understand it, the NFL is actively considering the migration of its clubs' websites to a common website format and technology. The NHL.com standardized format and common platform aggregates the Clubs' individual websites in a way that is attractive to national sponsors, to utility suppliers, and to consumers.

12. NHL member Clubs cannot effectively compete independently for sponsors, advertising, and online merchandising against these large networks because, acting alone, each Club can deliver a very limited scale for its advertising inventory. For example, the Capitals simply cannot offer a large sponsor (such as Anheuser-Busch or Pepsi) a worthwhile national deal, because the web traffic that the Club's website generates is de minimis when compared to the magnitude of MLBAM or ESPN.com. The NHL needs to migrate its Clubs' websites onto a common technology platform using a single CMS to offer economies of scale, to lower transaction costs for the sponsor by negotiating a single advertising deal, and to present a common format, elements, and applications to sponsors, advertisers and users.

13. The common "look" and design of the NHL.com network is also necessary to build national scale. Analysts have determined the most valuable webpage locations, and sponsors are generally interested in those locations for their ad placement.

A standardized template across the thirty Club websites assures advertisers that they will receive uniform exposure on each of those sites. Thus, the migration of the Clubs' websites to the NHL.com common platform and CMS is critical to the future competitiveness of the NHL as a sports league and entertainment product.

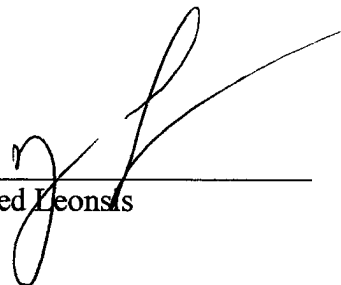
14. In this context, the harm to the NHL from MSG's refusal to migrate the Rangers' website to the League's common platform is clear. New York City is an anchor market for any national advertising campaign, and the New York Rangers' fans represent an important demographic group therein. Though the metropolitan area is also served by the New York Islanders and New Jersey Devils, the NHL would lose credibility with potential national sponsors if it were unable to offer those sponsors consistent advertising inventory across all thirty Clubs' websites, including the website of this important Club.

15. From my perspective, there is no harm to MSG if it migrates the Rangers' website to the NHL.com common platform. As a minority owner of the Washington Wizards, a member club of the NBA, I am aware that MSG has, for the past six years, operated the New York Knicks' website on the NBA's common platform. I believe the common use of that platform has increased the NBA's national revenue, which the NBA clubs share equally, without any loss of local control, local revenue generation or fan satisfaction. Further, the Capitals have been able to control the local content of its website on the NHL.com platform, which has accommodated our specific needs within the framework of the common platform and template. If anything, the NHL.com platform has provided "best of breed" features, has improved our ability to monetize our lo-

cal advertising and sponsorship revenue, and has allowed us to create an attractive and user-friendly website experience for our fans and visitors.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on October 10, 2007.



Ted Leonsis